

# SENATE BILL REPORT

## EHB 1131

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As Reported By Senate Committee On:  
Ways & Means, April 3, 1995

**Title:** An act relating to economic assumptions for state retirement systems.

**Brief Description:** Changing provisions relating to economic assumptions for actuarial studies and retirement contribution rates.

**Sponsors:** Representatives Silver and G. Fisher; by request of Office of the Forecast Council.

**Brief History:**

**Committee Activity:** Ways & Means: 4/3/95 [DP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Gaspard, Hargrove, Hochstatter, Johnson, Long, McDonald, Pelz, Quigley, Roach, Sheldon, Snyder, Spanel, Strannigan, Sutherland, West and Winsley.

**Staff:** Denise Graham (786-7715)

**Background:** In 1989, legislation was enacted that required the Economic and Revenue Forecast Council to adopt, based on information provided by the State Actuary, employer contribution rates for the Public Employees' Retirement System Plans I and II, the Teachers' Retirement System Plans I and II, the Washington State Patrol Retirement System, and the state contribution rate for the Law Enforcement Officers' and Fire Fighters' Retirement System Plans I and II. The legislation required that the council adopt the economic assumptions to be used in determining the contributions rates, and the contribution rates themselves, every six years.

In 1993, legislation was enacted that requires the council to adopt contribution rates every two years, rather than every six years. The rates are to be set in even-numbered years to be used during the ensuing biennium. The legislation left intact the requirement that every six years the council adopt the economic assumptions to be used in setting the contribution rates.

**Summary of Bill:** Every two years, beginning in 1995, the Economic and Revenue Forecast Council adopts the long-term economic assumptions to be used in setting the employer contribution rates for the Public Employees' Retirement System, the Teachers' Retirement System, the Washington State Patrol Retirement System and the state contribution rates for the Law Enforcement Officers' and Fire Fighters' Retirement System. The economic assumptions adopted by the council include growth in system membership, growth in salaries, growth in inflation and investment rate of return. In developing the assumptions, the council works with the Department of Retirement Systems, the State Actuary and the

executive director of the State Investment Board, and will consider long-term historical averages.

The council continues to adopt in even numbered years the contribution rates for the retirement systems.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** No one.